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UNCLAS SECTION 01 OF 02 CALCUTTA 000445

SIPDIS

STATE FOR SA/INS AND EB
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SUBJECT: OPPOSITION STRIKES IN WEST BENGAL LEAVE GOVERNMENT
RED-FACED

REF: A) NEW DELHI 007211

1. SUMMARY: In the coming three weeks, starting on November 17, West Bengal will witness three general strikes planned by different political parties protesting the recent hike in petroleum prices by the central government. West Bengal's Left Front government, eager to establish its business-friendly image, is not supporting these actions, but nor has it energetically and vociferously opposed them, probably due to its own extensive past use of this tactic. However, until the culture of protest declines in West Bengal this will remain a hindrance to productivity and a disincentive for investors. END SUMMARY.

2. Three political groups in West Bengal have seized the issue of energy price hikes to grasp the spotlight on the state's political stage. The result: Three days of likely disruption of civic life. The political groups come from across the ideological spectrum, but all are opposed to West Bengal's ruling Left Front Government. These actions have nothing to do with how difficult social and economic choices are made in the face of rising global oil prices and everything to do with seizing a political issue that may inspire populist support. The Socialist Unity Center of India (SUCI), a regional party, is organizing the first general strike - bandh in local parlance -- on November 17. The SUCI -- not part of West Bengal's ruling Left Front -- has organized movements against the state and central governments in the past.

3. The second general strike, organized by the ultra-Left Communist Party of India (Marxist-Leninist) [CPI-ML], will follow on November 22. Finally, West Bengal's main opposition party, the centrist Trinamul Congress (TMC), is organizing the third bandh on December 3. TMC officials privately admit there had been some dissension within the party -- between TMC-backed elected representatives and its party managers -- over whether they should add their voices to this chorus of protest, but the bandh supporters eventually carried the day.

4. West Bengal has a long history of organizing strikes. All political parties have used these as a weapon of mass political action that leads to the loss of working days and substantial economic losses. Ironically, it is the CPM - the dominant Left Front member - that has the worst track record in organizing strikes, whether in government or out of it. By backing violent and disruptive political action - either on its own or through its affiliated labor organizations - the CPM is itself largely responsible for the image of delinquency that West Bengal has acquired in India's corporate and administrative circles.

5. No matter who organizes them, the legacy of general strikes is now hurting West Bengal's economy and the Left Front government has recognized this. Chief Minister Buddhadeb Bhattacharjee and his team are eager to attract domestic and foreign investment to pull the state out of three decades of industrial decline. The state government has just started to attract large IT companies to Calcutta. In an effort to have the bandhs disrupt as little as possible, the West Bengal political and administrative leadership are taking modest actions to ensure that Calcutta is not overly affected by the strikes. For the IT industry, with call centers reliant on 24-hour coverage, there is supposed to be an amnesty as it has been declared an "essential service." For government employees, the Calcutta High Court has directed that the state government deduct a day's pay if its employees do not report for duty on the day of the strike without a satisfactory reason. The state government will risk contempt of court if it tries to soft-pedal anti-strike measures. Nonetheless, the government has not spoken out clearly and loudly against this tactic and, in the past at least, it has not used the police to prevent coercive action by the strikers.

6. Media surveys over the past two days have revealed that Calcutta's citizens are not in favor of losing three working days in a span of three weeks. But such surveys also indicate that people are frightened of the possibility of violence and that factor, more than any support of the cause, may force many to stay indoors. The reality of past violent action to enforce work stoppages, although rare in recent times, makes this a reasonable fear.

7. For our part, the U.S. Consulate will remain open for

business during all three bandhs. Employees are strongly encouraged to come to work, but those who fear for their personal safety are granted permission to stay at home. They will be charged for a day of annual leave in that case.

18. COMMENT: The West Bengal Government is trying hard to sell Calcutta as a preferred investment destination, especially for information technology. In our discussions with the state government - most recently during Commerce Under Secretary Kenneth Juster's visit -- we have encouraged the Left Front to dissociate itself from the politics of disruption so as to win investor confidence and build a business-friendly image. We have pointed out that West Bengal is in a global competition for capital and that investors will be put off by the lost productivity inherent in the state's culture of protest. There are clearly signs that the state government is attempting to maintain a degree of normalcy on these occasions, but a more robust effort is needed to assuage investors' concerns. Otherwise, West Bengal and its rulers will continue to be saddled with image problems of their own making. END COMMENT.

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